

Message Text

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PAGE 01 TOKYO 08658 01 OF 02 110548Z
ACTION EA-09

INFO OCT-01 ISO-00 CIAE-00 NSAE-00 NSCE-00 SSO-00
USIE-00 INRE-00 PM-04 H-01 INR-07 L-03 NSC-05
PA-01 PRS-01 SP-02 SS-15 COME-00 EB-07 LAB-04
SIL-01 TRSE-00 OMB-01 /062 W
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TO SECSTATE WASHDC IMMEDIATE 8540
CINCPAC IMMEDIATE
COMUSJ IMMEDIATE
DOD IMMEDIATE

C O N F I D E N T I A L SECTION 1 OF 2 TOKYO 8658

CINCPAC ALSO FOR POLAD

DOD FOR OSD

E.O. 11652: GDS
TAGS: MARR, JA
SUBJECT: ASAHI BREAKS STORY ON LABOR-COST NEGOTIATIONS

SUMMARY: ASAHI JUNE 11 RAN AS LEAD STORY SCOOP ON ONGOING
LABOR COSTS NEGOTIATIONS, INDICATING GOJ MIGHT BE PREPARED
TO ASSUME SOME INDIRECT COSTS SUCH AS ADMINISTRATIVE EXPENSES
BUT COULD NOT CONSIDER RETIREMENT COSTS WITHIN FRAMEWORK OF
SOFA. ASAHI SUGGESTED OPPOSITION REACTION IN CONTEXT UPPER
HOUSE ELECTION, BUT MOFA DOUBTS LABOR COSTS WILL FIGURE IN
CAMPAIGN. ACCORDING TO MOFA ASAHI HAD STORY FOR SOME
MONTHS BUT WAS PURSUADED TO HOLD OFF UNTIL END OF DIET
SESSION.

WHILE WE ARE NOT TOO HAPPY TO HAVE STORY BREAK ON EVE
OF ELECTION CAMPAIGN, IT WAS BOUND TO SURFACE BEFORE LONG
AND, WHILE THERE ARE SOME RISKS INVOLVED, WE ARE INCLINED
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PAGE 02 TOKYO 08658 01 OF 02 110548Z

TO AGREE WITH MOFA THAT IT MAY BE USEFUL IN GETTING
PUBLIC-EDUCATION PROCESS UNDERWAY. PROPOSED PRESS
GUIDANCE FOLLOWS BELOW. END SUMMARY.

1. ASAHI JUNE 11 GAVE FRONT-PAGE LEAD PLAY TO STORY
HEADLINED "US. DEMANDS ASSUMPTION OF GARRISON FORCE
COSTS BURDEN". ACCORDING TO MOFA (YUKIO SATO, SECU-

RITY DIVISION), ASAHI HAS BEEN ON TO STORY EVER SINCE IT FOLLOWED UP ON REMARKS IN DIET LAST FALL BY JSP MEMBER SHUN OIDE, WHO TWICE RAISED QUESTIONS ABOUT LABOR COSTS ACTING ON BEHALF OF GARRISON FORCES WORKERS UNION. (ACCORDING TO SATO, OIDE WAS PURSUING OWN PROPOSAL TO HAVE GOJ CONTRIBUTE 5 BILLION TOWARD INDIRECT LABOR COSTS.) WHEN ASAHI REPORTER, HAVING FOLLOWING UP WITH DFAA, CAME TO FONOFF FIRST IN FEBRUARY AND THEN IN APRIL, SATO PURSUED HIM TO HOLD OFF ON STORY UNTIL AFTER DIET SESSION. REPORTER BROUGHT STORY UP AGAIN LAST WEEK, WHEREUPON IT WAS DECIDED AT DIRECTOR-GENERAL LEVEL THAT IT WOULD EVENTUALLY COME OUT AND MOFA COULD NO LONGER LEGITIMATELY ASK THAT IT BE KEPT UNDER RAPS. IN MOFA JUDGMENT LABOR COSTS SHARING WOULD NOT BECOME ELECTION ISSUE. MOREOVER, THERE HAD BEEN MUCH TALK ABOUT WHETHER JAPAN WOULD BE CALLED UPON TO TAKE COMPENSATORY MEASURES IN RELATION TO KOREAN TROOP WITHDRAWALS, AND WHILE NO SUCH DEMANDS HAD BEEN FORTHCOMING, LABOR-COST SHARING FELL IN GENERAL CONTEXT OF JAPAN "DOING MORE" FOR SECURITY. ACCORDINGLY STORY MIGHT SERVE USEFUL EDUCATIONAL PURPOSE.

2. ASAHI STORY REPORTED NEGOTIATIONS WERE UNDERWAY TO HAVE JAPAN ASSUME PART OF LABOR COSTS IN VIEW OF RAPIDLY RISING COST LEVELS IN JAPAN AND REDUCTIONS IN US BASES OVERSEAS. JAPANESE SIDE WAS REPORTEDLY OF OPINION THAT AS LONG AS REVISION OF CONFIDENTIAL

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PAGE 03 TOKYO 08658 01 OF 02 110548Z

SOFA NOT REQUIRED, IT MUST COMPLY TO SOME EXTENT AND THERE WAS PROSPECT THAT BY THIS FALL IT WOULD AGREE TO SOME ASSUMPTION OF BURDEN. ACCORDING TO ASAHI, USFJ DISTINGUISHED BETWEEN DIRECT COSTS AND INDIRECT COSTS SUCH AS RETIREMENT BENEFITS, SOCIAL INSURANCE AND ADMINISTRATIVE FEES, WHICH IT ARGUED COULD BE ASSUMED BY JAPAN WITHOUT DISTORTING SOFA. GOJ ON OTHER HAND REGARDED RETIREMENT COSTS AS OUT OF QUESTION, BUT HAD INDICATED COSTS ON ORDER OF ADMINISTRATIVE FEES MIGHT BE CONSIDERED INDIRECT. ASAHI SAID THERE WAS NO INDICATION OF AMOUNTS INVOLVED, BUT JUDGING FROM PAST EXPENDITURES, COSTS IN QUESTION MIGHT AMOUNT TO SEVERAL HUNDRED MILLION DOLLARS. MAJOR POINT IN NEGOTIATION ACCORDING TO ASAHI WAS WHETHER SOFA LENT ITSELF TO SUFFICIENTLY FLEXIBLE INTERPRETATION TO MEET REQUIREMENTS OF TWO SIDES.

3. STORY HELPFULLY PROVIDED DATA INDICATING LABOR COSTS HAD INCREASED 1972-1976 WHEREAS LABOR FORCE

DURING THIS SAME PERIOD HAD BEEN HALVED. IT ALSO NOTED ANNUAL WAGE NEGOTIATIONS HAD BECOME INCREASINGLY DIFFICULT AS RESULT OF INCREASE IN COSTS. ASAHI REPORTED THAT INITIAL STUDY TO HAVE BEEN CONCLUDED BY FALL 1976 WAS UNABLE TO COME TO ANY CONCLUSIONS AND MATTER WAS NOW BEING CONSIDERED AT JOINT-COMMITTEE LEVEL. IN CONCLUSION ASAHI SUGGESTED OPPOSITION IN ELECTION CAMPAIGN WOULD CHARGE THAT IF JAPAN ASSUMED BURDEN US REQUIRED TO TAKE ON UNDER SOFA IT WOULD CONSTITUTE CHANGE IN SECURITY-TREATY STRUCTURE.

4. FURTHER INSIDE PAGE EXPLANATORY ARTICLE PLACED LABOR-COST PROBLEM IN CONTEXT OF GOJ OBLIGATION TO PROVIDE FACILITIES FOR US FORCES AS BALANCE TO US OBLIGATION TO DEFEND JAPAN AGAINST EXTERNAL AGGRESSION, AND MADE FOLLOWING ADDITIONAL POINTS. EFFORT TO SEEK LABOR COST RELIEF WAS OCCASIONED BY US CONFIDENTIAL

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PAGE 04 TOKYO 08658 01 OF 02 110548Z

GRESSIONAL DISSATISFACTION WITH "FREE SECURITY RIDE" WHICH JAPAN HAD BEEN GETTING DESPITE ITS STATUS AS ECONOMIC GREAT POWER. ARTICLE POINTED OUT THAT IT HAD BECOME CLEAR INCOURSE OF ANNUAL WAGE NEGOTIATIONS OVER PAST FEW YEARS THAT: (A) WHILE US DEFENSE

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PAGE 01 TOKYO 08658 02 OF 02 110540Z

ACTION EA-09

INFO OCT-01 ISO-00 CIAE-00 NSAE-00 NSCE-00 SSO-00

USIE-00 INRE-00 PM-04 H-01 INR-07 L-03 NSC-05

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CINCPAC HONOLULU HI IMMEDIATE

COMUSJAPAN YOKOTA AB JA

DOD WASHDC IMMEDIATE

C O N F I D E N T I A L SECTION 2 OF 2 TOKYO 8658

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BUDGET, PARTICULARLY FOR OVERSEAS BASES, HAD BEEN DRASTICALLY CUT, JAPANESE PERSONNEL DOMESTIC COSTS HAD RISEN SHARPLY COMPARED WITH OTHER COUNTRIES; (B) IF JAPANESE SIDE COULD NOT HELP OUT, US MIGHT BE FORCED TO REDUCE PERSONNEL LEVELS THEREBY CREATING ADDITIONAL HARDSHIP FOR ALREADY DISSATISFIED WORKERS; AND (C) THERE WAS SUFFICIENT LEEWAY IN JAPANESE INTERNATIONAL ACCOUNTS TO TAKE INTO CONSIDERATION US DOMESTIC OPINION. (SATO TAKES CREDIT FOR MUCH OF ABOVE ARGUMENTATION.) ARTICLE CONCLUDED THAT LABOR COSTS WERE LIKELY TO BE TIED INTO KOREAN TROOP WITHDRAWALS THEREBY STIRRING UP FURTHER DEBATE ON SECURITY AND DEFENSE.

5. SATO SAID THERE WOULD BE NO MOFA PRESS CONFERENCE TODAY, BUT THAT CHIEF CABINET SECRETARY SONODA (AND ACTING FOREIGN MINISTER) HAD BEEN PROVIDED WITH CONFIDENTIAL

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PAGE 02 TOKYO 08658 02 OF 02 110540Z

FOLLOWING GUIDANCE FOR HIS PRESS BRIEFING TO RESPOND TO QUESTION WHETHER THERE HAD BEEN DEMAND FOR US TO ASSUME LABOR COSTS: US AND JAPANESE SIDES HAVE BEEN CONSIDERING SINCE LAST SPRING VARIOUS GARRISON FORCES WAGE PROBLEMS. STUDY STEMMED FROM OIL SHOCK AND ATTENDANT SUDDEN INCREASED WAGE LEVELS AS WELL AS CUTS IN US BUDGET FOR FORCES ABROAD. ANNUAL US-JAPAN WAGE NEGOTIATIONS HAVING BECOME INCREASINGLY DIFFICULT, TWO SIDES HAVE STARTED TALKS WITH AIM OF REACHING CONCLUSIONS BY FALL THIS YEAR. US SIDE HAD STRONG DESIRE TO REDUCE PRESSURE ON US BUDGET FOR FORCES IN JAPAN OCCASIONED BY CONTINUALLY INCREASING LABOR COSTS, WHILE JAPANESE SIDE EMPHASIZED IMPACT OF PROBLEM ON LABOR STABILITY. ACCORDINGLY, IT WAS AGREED TO ENTER INTO JOINT STUDY OF PROBLEM, BUT WHILE MATTER WAS BEING CONSIDERED AT WORKING LEVEL, IT WAS TOO SOON TO SAY WHAT SORT OF SOLUTIONS WOULD BE FOUND OR HOW GOJ WOULD COPE WITH PROBLEM.

6 FOLLOWING IS SUMMARY OF ADDITIONAL Q AND A GUIDELINES BEING USED.

Q. WHAT ARE NEGOTIATING CHANNELS?

A. FIRST STEP WAS DFAA-USFJ STUDY; CONSIDERATION

NOW CONTINUING AT JOINT COMMITTEE LEVEL.

Q. HOW MUCH IS U.S. DEMAND?

A. VARIOUS ASPECTS ARE NOW BEING CONSIDERED AT WORKING LEVEL, BUT US HAS NOT MADE CONCRETE PROPOSAL.

Q. WILL REVISION OF SOFA BE REQUIRED?.

A. US AND JAPANESE SIDES ARE BOTH WORKING
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PAGE 03 TOKYO 08658 02 OF 02 110540Z

WITHIN SOFA FRAMEWORK AND THERE IS NO THOUGHT OF REVISING SOFA.

Q. IF JAPAN UNDERTAKES COSTS WHICH SHOULD BE ASSUMED BY US, WOULD THIS NOT RESULT IN CHANGING SUBSTANCE OF SECURITY TREATY?

A. BOTH US AND JAPANESE GOVERNMENTS WILL CONSIDER MEASURES TO BE TAKEN AFTER STUDYING RESULTS OF WORKING LEVEL DISCUSSIONS AND WE CANNOT, AT THIS TIME, ADDRESS MEASURES TO BE TAKEN.

Q. WHAT IS JAPANESE SIDE DOING IN REGARD TO STABILITY OF WORKING FORCES?

A. WE ARE COPING WITH PROBLEM CAREFULLY WITH POINT IN MIND, BUT THERE IS NO INTENTION OF CHANGING FRAMEWORK OF SECURITY TREATY OR SOFA.

7. WE HAVE NO MAJOR PROBLEMS WITH ABOVE GUIDANCE, BUT PROPOSE TO ANSWER ANY INQUIRIES TO EMBASSY OR USFJ WITH SIMPLER STATEMENT THAT WE HAVE BEEN STUDYING WITH GOJ FOR ABOUT A YEAR, WITHIN FRAMEWORK OF JOINT COMMITTEE, POSSIBILITY OF FINDING RELIEF FROM RAPIDLY INCREASING LABOR COSTS. IN RESPONSE TO FOLLOW-ON QUESTIONS WE PROPOSE TO SAY THAT WE DO NOT WISH TO COMMENT IN REGARD TO DETAILS WHILE DISCUSSIONS CONTINUE WITH GOJ. (IN THIS REGARD MOFA IS AWARE THAT ITS ANSWER TO QUESTION WHETHER US HAS MADE SPECIFIC PROPOSALS IS NOT ENTIRELY ACCURATE, BUT IT PREFERS TO USE THIS RESPONSE IN HOPE OF KEEPING DOWN FURTHER PROBING.

8. COMMENT: WHILE WE WOULD HAVE BEEN JUST AS HAPPY TO SEE STORY BREAK AFTER UPPER HOUSE ELECTION, WE ARE INCLINED TO AGREE ISSUE IS UNLIKELY TO FIGURE IN CAMPAIGN. FACT TALKS
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PAGE 04 TOKYO 08658 02 OF 02 110540Z

ARE GOING ON IS NO SECRET, BEING WELL-KNOWN TO
GARRISON FORCES UNION, AND IT WAS BOUND TO COME OUT
BEFORE LONG. IN CIRCUMSTANCES, IT MAY WELL SERVE
USEFUL EDUCATIONAL PROCESS, PARTICULARLY IN VIEW
OF GENERALLY ACCURATE TREATMENT AND INCLUSION OF
SOME HELPFUL US ARGUMENTATION.
MANSFIELD

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Message Attributes

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Decaption Note:
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